(b) the details of assistance sought during the last three years by the State Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI P. CHIDAMBARAM): (a) There is no menace of extremist activities in Rajasthan.

(b) No such request was received from the Government of Rajasthan.

Bank Loans to drought affected people

774. SHRI SANTOSH BAGRODIA: Will the Minister of FINANCE be pleased to state:

(a) whether the nationalised banks have been instructed to provide loans to the drought affected people in the country; and

(b) if so, what is the number of people in Rajasthan benefited thereby particularly in Bhilwara district of Rajasthan?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) Reserve Bank of India (RBI) has issued detailed guidelines to the commercial banks for providing credit assistance, to the persons affected by drought, for raising alternative crops or fodder, production of seeds, minor irrigation purposes, general purpose consumption loans to small and marginal farmers and other weaker sections upto Rs. 500/- and for setting up fair price shops. The guidelines also envisage conversion of short term loans into medium term loans and reschedulement of investment credit. Further, in areas affected by droughts successively for three years or more, banks have been advised to defer recovery of the amount fallen due on account of principal as well as interest in the current year, (July 87—June 88) for a period of two years or till the next normal year, if it occurs earlier. Banks have also been advised to charge a concessional rate of interest of 10 per cent per annum on short term loans upto Rs. 5000/- in the case of farmers who have suffered three or more consecutive drought and whose loans have been converted/ rescheduled.

(b) The data reporting system does not generate districtw se information as desired. However, assistance extended by the public sector banks to persons affected by drought in Rajasthan as at the end of October, 1987 was to the extend of Rs. 19.88 crores in (51,163 Accounts) respect of about fifty thousand borrowal accounts.

Funding for Natural Calamities

775. SHRI BASUDEB MOHAPATRA: Will the Minister of FINANCE be pleased to state:

(a) what are the patterns of funding for combating the natural calamities such as drought, flood and cyclone,

(b) what are the recommendations of the Seventh and Eighth Finance Commission to this effect; and

(c) whether in view of frequent natural calamities occuring from time to time, Government have any proposal to increase the 'Margin Money' limit?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) The existing policy relating to financing of relief expenditure is based on the recommendations of Eighth Finance Commission which have come into force from 1st April, 1987. The Commission has allotted an amount called 'Margin Money' for each State, as part of its revenue estimates. 50 per cent of the Margin Money is contributed by the Centre as grant in-aid to the States while the remaining 50 per cent is contributed by them. On the occurrence of natural calamity, a State will be entitled to draw on the centre's share after it has exhausted its own share of the Margin Money.